Report on the Commercial Fish Review

Ontario
Ministry of
Natural
Resources

91-05390/

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Printed in Ontario, Canada

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Ontario

Ministry of Natural Resources
Minister

Ministère des Richesses naturelles
Ministre

Queen's Park
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March 27, 1991

Dear Member of the Public:

The attached document is the Report on the Commercial Fish Review that was carried out last year. The review addressed three commercial fisheries management issues: allocation of the resource, levies and royalties, and incidental catch.

The first part of the Report summarizes the results of the public consultation. The second part is a staff analysis of the information received, including proposed recommendations for the management of the commercial fishing industry.

This report is being made public to provide an opportunity for interested persons and groups to provide input to the Review. Your written comments are welcomed. In order to be considered before decisions are made, they should be received by June 30, 1991. Should you need clarification of the content of the Report, please contact the Ministry person in your area as listed on the attached page.

All written comments should be sent to:

Director
Fisheries Policy Branch
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Whitney Block, Queen's Park
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I look forward to receiving your comments. They will assist in improving the management of Ontario's commercial fisheries.

Thank you.

Yours sincerely,

Bud Wildman

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FOR THE 1990 COMMERCIAL FISH REVIEW

Recommendation 1

It is recommended that the Strategic Plan for Ontario Fisheries (SPOF II) and the associated tactical implementation plan be the framework for the development of an allocation policy.

Recommendation 2

It is recommended that native commercial fishing be a subject for negotiations with native communities throughout the Province, and that those negotiations include allocation, levy or royalty, and incidental catch issues.

Recommendation 3

It is recommended that local managers be given the direction that above general priorities [resource conservation and Crown obligations] are interim policy, combined with the presently approved Allocations and Directions for Specific Waters.

Recommendation 4

[Six sets of principles are recommended for policy approval.]

1. Roles of the Minister and Managers
2. Public Involvement of Shareholders
3. Willing Cooperative Partnerships
4. Information Requirements
5. Timely Decisions Made on the Best Available Information
6. Appeal Mechanism

Recommendation 5

It is recommended that the following [decision-making] process be implemented for 1992 for the Great Lakes fisheries. [Process includes consideration of fish stock health; timely briefing of Minister; shareholder involvement; discussion of proposed allocations and shareholder concerns; and an appeal mechanism.]

Recommendation 6

It is recommended that:

- the Province collect levies from the commercial fishery beginning in 1992;
- the amount be 2.5% of the value of the quota in 1992, 1993, 1994 and 1995;
- the amounts for the years following 1995 be established in 1993;
- no differential in the percentage be applied on the basis of species caught, location of the commercial fishing activity, or gear-type;
- amounts be payable semi-annually based on the quota assigned and the average landed value of each species for the previous year;
- quotas for the next fishing year be denied unless levy payments are up-to-date;
- levies apply to all catches taken under the authority of a commercial fishing licence, except for those species in those areas of Northern Ontario where transportation support is paid under the Freight Equalization Assistance Program (FEAP);
- no deductions to levies be allowed for licence fees nor membership dues for commercial fishing associations.

Recommendation 7

To improve management of incidental catch, it is recommended that local managers be authorized to employ tactical incentives and disincentives to strengthen partnership and cooperation. There are nine sets of tactics recommended for approval.

Self-policing
Gear development and modification
Market development
Quotas as incentives
Credit against levy or royalty
Refusal to issue a licence
Reclaiming quota
Restrictions by area or time
Enforcement and fines

Recommendation 8

It is recommended that the acceptability of incidental catch under the new "rules" be the subject of consultation with the shareholders across the Province.

Recommendation 9

It is recommended that all incidentally caught fish that cannot be released alive be landed and put to the best possible use.

Recommendation 10

It is recommended that the Ministry of Natural Resources establish a review team from MNR and from the angling, commercial fishing and charter-boating segments of the public to consider charter boating as it might impact on a fishery, or add to the total catch; also whether or not it should be licensed and pay levies, and how MNR and charter boaters could develop a harvest reporting system.

Recommendation 11

It is recommended that a fisheries management plan be written for Lake Nipigon, combining the steps presently being used for each of the Great Lakes, and considering methods for public participation and review, and the designation of fish community goals and objectives.

REPORT ON THE COMMERCIAL FISH REVIEW

PART I

PUBLIC INPUT

INTRODUCTION

In 1978, the groundwork for the Modernization of the Commercial Fishery was established in the policy development report "Toward a More Rational Commercial Fishery in Ontario". This report was one of the initiatives arising from the 1976 Strategic Plan for Ontario Fisheries (SPOF I). In 1982, the Ministry and the Ontario Council of Commercial Fisheries (now the Ontario Fish Producers' Association - OFPA) formed a joint committee to negotiate a modern administrative system to replace the ineffectual framework at that time. A consensus report was submitted to the Deputy Minister in 1982, and implementation of the Modernization Program began in 1984.

The 1990 review of the commercial fishery was announced in January, 1990 to the OFPA. The review was to address three issues: allocation, royalty, and incidental catch. In March, other shareholders were advised, including those with direct interest (stakeholders) and the general public. Invitations to participate were sent to all important shareholders known to have an interest including all licensed commercial fishers, provincial groups and regional groups with interest in the management of the fishery resource.

A Fact Sheet (Appendix I) describing terms of reference and background information on each issue was used to provide a focus for presentations at meetings and for written briefs. The Minister's letter to the public indicated that there would be local meetings at selected locations. Those who wished to make a presentation were asked to provide written comments in advance. Also, anyone providing a written submission was asked to indicate if the comments were confidential.

Those specifically invited to become involved in the review included provincial and local interest groups, provincial and federal government agencies, MPPs, MPs, and municipalities. Interest groups included commercial fishing associations, fish and game clubs, tourist outfitters and naturalist clubs.

Local groups were invited to attend meetings in Kenora, Thunder Bay, Nipigon, Sault Ste. Marie, Espanola, Sudbury, Port Elgin, London, St. Catharines, Oshawa, and Kingston. The meetings occurred between April 24 and May 25, 1990 and were attended by 85 local interest groups and individuals.

For those with a provincial focus, meetings were held in Toronto. Eight MPPs provided input at a meeting on April 19, 1990. In June 1990, sessions took place with representatives from the Ontario Fish Producers' Association, the Ontario Federation of Anglers and Hunters, and the Ontario Charter Boat Association.

An advertisement appeared in 75 newspapers in the vicinity of the Great Lakes and in northwestern Ontario in early April 1990. If the public wished to respond, they were requested to submit written comments by May 14, 1990.

In total, of 156 groups invited to meetings, 89 groups actually attended (57%) (Appendix II). Another 401 groups were invited to submit a written brief. In total, 210 briefs were received.

RESULTS

This section summarizes the comments of shareholders and concerned parties about the three issues. The summary is based on the evaluation of records of meetings, of written briefs from organizations and individuals, and conversations.

1. ALLOCATION

The first priority for allocating or "partitioning" the allowable harvest of a fish resource is the conservation of the resource. The second priority is allocation to users. During the Review, many concerns arose about this allocation process.

(a) Amounts to be Harvested

Participants in the Review frequently questioned the Ministry's estimates of the amount of each species allowed to be harvested. Criticisms were targeted mostly at the types of data collected and at completeness of the MNR data. Both commercial and angler interests were concerned about the MNR sampling methods (e.g., where and when nets are set, or size of mesh) and the time required by the Ministry to analyze these data. Some representatives of both interest groups stated that they were more knowledgeable about fish abundance and locations than the Ministry of Natural Resources staff.

(b) Partitioning of the Resource

Review participants supported the principle that allocation to the resource itself be the first priority.

There was no unanimity as to what group of users should be considered next in the allocation process. Many people accepted as a priority that catching fish to feed one's family would be the next choice in priority for harvest allocations, especially where such an activity was associated with rights for aboriginal people described in Treaties. Some groups suggested that this allocation should include the traditional processes of barter and trade, and even commercial and recreational uses associated with businesses operated by aboriginal peoples. Some other users and interest groups were opposed to this latter idea.

Who should be next was also a major issue. Some sport fishing and commercial groups proposed that they should receive the allocation before the other group. Representatives for each interest group argued their positions on the bases of many different values, including tradition, economics, investment, income and employment.

Combined with this diversity of opinion was concern for the apparent lack of Ministry policy to address the issue of priority in allocation of allowable catch.

(c) Who Makes the Allocation Decision

Most groups emphasized that allocation decisions should always be biologically or scientifically based. Some parties recommended that these should be the only bases for decisions. Some participants were very concerned that "politics" might override biologically based decisions. A few expressed concern that sometimes it appeared that MNR had already made its allocation decisions before it consulted with user groups. Most wanted the "local manager" to be the final and only decision-maker in the allocation process.

Some interests wanted an official appeal system for reviewing allocation decisions. There were suggestions that such appeals be made to an independent appeal committee for final arbitration.

In summary, the commercial fishery industry and other shareholders wanted a clear indication of the rules the Ministry intended to apply to allocation decisions.

(d) Presently Approved Allocations and Directions on Specific Waters

Many concerns were related to specific processes by which local allocation decisions were being made. On the Great Lakes and on some Northern Ontario waters, the Ministry has made allocation decisions based on traditional use of the resource. These allocations of fish and management directions are summarized below.

(i) Lake Erie

The Total Allowable Catches (TACs) for walleye and yellow perch on Lake Erie are established in concert with New York, Pennsylvania, Ohio and Michigan. The TACs are ratified each March at the meeting of the Lake Erie Committee of the Great Lakes Fishery Commission. All jurisdictions recognize allocation to the resource as the first priority.

Walleye

- The recreational anglers receive a walleye allocation based on their current need. Their use has been less than 10%, and their allocation is 10%.
- The commercial fishery receives 90% of the walleye allocation.

Yellow Perch

- Recreational demand for yellow perch has been insignificant so no explicit allocation is made to the sport fishery.
- The commercial fishery allocation is 100%.

Smelt

- Allocation of smelt to the resource is very important because smelt are a major food source for walleye and play a role in ensuring the broad distribution of walleye in Lake Erie.
- Ontario harvests a significant amount of Lake Erie smelt, nearly all by commercial harvest.

White Bass

- White bass are allocated to the commercial fishery. MNR believes they are over-allocated.
- Angling harvest of white bass is insignificant.

All allocations of quota species and incidental landings of non-harvest species are monitored to ensure harvests do not upset the balance in the overall fish community.

(ii) Lake Huron

Allocation decisions are made in recognition of a number of factors including historical fishing practices, species composition, rehabilitation status of various species and demand by users. These factors are as follows:

- Indian bands have been given by licence condition exclusive fishing privileges in specific areas.

- The commercial fishery is excluded from harvesting in Colpoys and Owen Sound Bays, Big Sound, a number of small bays in the North Channel and along the eastern shore of Georgian Bay.

- Rainbow trout, brown trout, chinook salmon and muskellunge are allocated only to the sport fishery.

- Walleye, yellow perch and pike are allocated to both commercial and sport fisheries based on local factors.

- Historically, whitefish and chub allowable catches have been allocated almost exclusively to the commercial fishery.

- Lake trout are being rehabilitated in Lake Huron, so emphasis is on allocation to the resource. The sport fishery is restricted by daily creel limits. The commercial fishery has small quotas to accommodate those lake trout taken incidentally by fishing.

(iii) Lake Ontario

- Smallmouth bass, Pacific salmon and brown trout are allocated exclusively to the sport fishery.

- Smelt and alewife are allocated to the resource while lake trout and Atlantic salmon are being rehabilitated. Anglers dip-net smelt in the spring, but the amount is very small.

- Yellow perch, whitefish, eels, sunfish, bullhead, white perch, and carp are allocated primarily to the commercial fishery with some harvest by anglers.

- Walleye are allocated primarily to the sport fishery, with a negotiated quota for the commercial fishery to be taken in impounding gear.

(iv) Lake Superior

- Walleye and perch are allocated in limited amounts to the commercial fishery.

- Lake trout are divided equally between the commercial fishery and the sport fishery, (250,000 kg to each). This is a species under rehabilitation.

- Pacific salmon, brook trout, sturgeon and northern pike are allocated exclusively to the sport fishery.

- Lake herring have declined severely in western Lake Superior. As a result, MNR has reduced significantly (approximately 88%) the commercial quota.

(v) Northern Inland Waters

This area includes all waters north of the French and Mattawa rivers including Lake Nipissing and Lake of the Woods.

- Lake trout, northern pike and whitefish are allocated to the commercial fishery. Quotas in the more northern fisheries are often under-used because of market conditions. The cost of transporting the fish to market often exceeds the price the fishers receive for the fish.

- District Fisheries Management Plans (DFMPs) are in place in most Districts in the north. DFMPs provide the general direction that no new commercial fisheries will be created. Instead efforts will be made to convert the use of fish to recreation through tourism to derive greater economic benefits from fish stocks, particularly through using the under-exploited quota.

- The long-term expectation for commercial fisheries in the Northern Inland Waters is an eventual conversion of the majority to more beneficial use by local residents through the tourist industry.

(vi) Lake Nipigon

- Specific allocations to the commercial fishery have been made for lake trout, walleye, northern pike, whitefish and coarse fish.

- Walleye allocations may be too high and may be reduced in future.

- Smelt may be having deleterious effects on whitefish. Whitefish quotas are not being increased until these concerns are addressed.

2. PAYING FOR THE FISH (LEVY OR ROYALTY)

Most respondents to the Review favoured implementing a levy or royalty system for commercial fisheries.

Levy or royalty, i.e., paying for the privilege of making a profit from a publicly owned resource, is an equitable concept. How, when, where and how much are the unanswered questions, and therefore were cause for concern amongst participants in the Review.

The commercial industry, as represented by OFPA, proposed that royalty be paid on harvest at the conclusion of the fishing year at a rate of 1.5%. In its brief, the OFPA stated that inequities might occur for individual fishers because of the method of paying the crew on the tug, e.g., half the landed value to the crew and half to the

licensee out of which operating costs are covered. If the actual royalty were to come out of this latter share, the perceived impact to the licensee could be as high as 7%. The industry wants royalty based on landed value of "quota species" only, i.e., excluding species not under quota, such as several species of suckers, sheepshead and some other species.

Some Review participants proposed levy or royalty with percentages that varied according to location, or relative value of the species. For example, yellow perch have a higher value than white suckers and consequently some thought that the payment should be greater for yellow perch. Others proposed lower payment for fish caught in impounding gear rather than in gill nets.

The industry was generally resistant to paying a levy based on an assigned quota, and having all or part of this levy paid at the beginning of a commercial fishing year. There was no mention in any of the submissions of interim payments within year.

The use or repository of the revenue was a very important issue. Almost all participants recommended that any funds generated through a levy or royalty system should be directed to the management of the fisheries resource. Supporters for a levy or royalty system want to know how the increased revenue will be used by the Province. Activities such as assessment, enforcement, research and development of gear to reduce mortality associated with gill nets, and the promotion of underutilized species, were strongly recommended as areas for which to use this revenue. As well, many believed an independent, non-government group should oversee the disposition of these funds.

A number of groups wanted government to forego the collection of all or part of payments where the commercial fishery was working in close partnership with the Ministry. Examples of partnership include self-policing by the industry, joint fisheries assessment projects and experimental fishing ventures. There were suggestions that licence fees and dues for commercial fish associations also be deductible from an individual's payment. The question of charging levy or royalty on bartered fish was also raised.

Some participants proposed different rates for payment up to 5 %. As noted above, OFPA suggested 1.5%, an amount it proposed during the 1982 Modernization process, when MNR was considering rates of up to 5%.

Among the responses was an observation from the federal Department of Fisheries and Oceans that the delay in implementing a payment system has allowed uncollected "rents" to accrue to the value of some individual fisheries. The monies have become capitalized into the assets of the business so that they may become windfall profits when businesses and quotas are sold.

3. INCIDENTAL CATCH

The most controversial part of this Review centred around the subject of incidental catch. One problem was the confusion about, or different perspectives on, the meaning of incidental catch.

The present arrangement for handling incidental catch, which varies greatly from area to area, has generated a high level of concern from anglers, and enormous resentment and defensiveness on the part of the commercial fishing industry.

The majority of the submissions proposed that incidental catch should not be tolerated at any level. Some respondents wanted to know why the Ministry had not taken action to correct this problem. Most angling groups wanted gill nets banned and proposed impoundment gear as the only suitable substitute. Further these groups advised that if fish were taken incidently, they should be returned to the water immediately. One interest group proposed that incidentally caught fish be marketed on an experimental basis to determine feasibility and acceptance in the marketplace, and to see if the industry would abuse the privilege. A number of briefs wanted the Province to buy out the commercial fishery to end the problem.

The commercial industry maintained that there should be no gear restrictions and no penalties associated with incidentally caught fish. Further the industry requested that the Ministry stop stocking non-native species to reduce incidental harvest problems.

No unanimity was apparent on solutions to this problem.

4. OTHER CONCERNS ARISING FROM THE REVIEW

(a) Charter Boats

Many contributors perceived that charter boats form an industry that is harvesting significant numbers and weight of fish and therefore should be licensed, if not also subject to levy or royalty. On the other hand, charter boaters viewed themselves as "taxis", taking licensed anglers to places where they might catch fish. They remarked that their clients retained their catch within the possession limits stipulated by law, and that no fish were landed and sold.

Some charter boaters stated that their activity increases significantly the chances of an otherwise "land-bound" angler to catch fish. This might influence greatly MNR planning for fish community goals and objectives. They also indicated that it is unknown or relatively uncertain what the total effect of charter boat fishing is on the fishery resource.

(b) Lake Nipigon

There were sufficient comments to indicate that this important waterbody in Northern Ontario needs special attention. Over the last several decades a combination of commercial fishing, angling, native fishing and electrical power generation has put special stresses on the aquatic ecosystem. Participants in the Review expressed concern about the management of the fisheries resources of Lake Nipigon and about the capability of the Ministry to produce timely assessment and analyses for management decisions.

PART II

STAFF ANALYSIS AND RECOMMENDATIONS

1. ALLOCATION

Many participants in the Review indicated, and MNR acknowledges, that fisheries assessment is not as comprehensive as is desired. However, it is much improved over the years, within the limits of dollars and staff. Even with additional improvements in fisheries assessment, many conflicts and problems associated with allocation and quota-setting will not be eliminated.

Misunderstanding of the MNR fisheries assessment process, rather than inadequacy, have caused much of the criticism levelled at MNR and its management decisions. Many commercial fishers do not appreciate the scientific requirement for specific gear-types to do fish community index-netting in contrast to commercial catch sampling. In the briefs, other contributors did not realize the specificity of the data required to determine changes in individual fish populations and fish communities.

For the collection of specific data on fish, it is sometimes essential for MNR staff to have access to on-board sampling. A very small number of operators refuse access to assessment crews. This issue was raised by a number of groups. Without access, essential elements to the assessment process are lost.

In analyzing the comments on the allocation issue, staff concluded that mistrust and uncertainty amongst stakeholders will continue until an Ontario allocation policy is defined, as proposed in the Strategic Plan for Ontario Fisheries (SPOF II). Participants want to see a basis for the decision-making process. They also say that they fear the possibility of political intervention in the decision-making process, which may supersede biological needs of the resource and even be inequitable amongst users.

(a) An Allocation Policy for Ontario's Commercial Fishery

There are critical questions about Ontario's fisheries resource, including how the resource may be used, how much may be harvested, and who may harvest. The present allocation process in the Ministry uses generally established priorities and processes for deciding allocation. However, these allocation priorities and the decision processes have never constituted policy nor received Ministerial approval. Over the years, various practices were approved, but they were not adopted across the Province.

An allocation policy would have a beneficial effect on Ontario's commercial fishery as well as other users. A clear message would be sent to the commercial fishery that Ontario's priority is to sustain and conserve the resource, and to give priority to different uses of the fishery. Those in the industry should be treated as business people who deserve to know their status when making capital investments, improving to their operations, and buying and selling individual quotas and fisheries. An allocation process should provide for an improvement in openness to all shareholders. and more consistency across the Province, balanced with local flexibility to recognize natural and traditional variability.

Allocation decisions should strive for sharing and harmonious integrated use of the fisheries resource.

At the present time, the SPOF II initiative has identified the need for such policy and process for allocating aquatic resources including water quality and quantity, and fish.

Recommendation 1

It is recommended that the Strategic Plan for Ontario Fisheries (SPOF II) and the associated tactical implementation plan be the framework for the development of an allocation policy.

The proposed content of such a policy would include two priorities and a statement of process.

1. The first allocation is to the resource to conserve it for the future.

2. After conservation, the second allocation priority is to satisfy all Crown obligations, such as any aboriginal and treaty rights, for example, the aboriginal right to fish for food.

3. The process to allocate the fisheries resource is to be fair, equitable, open and public, and is to consider social and economic benefits. Allocation decisions are to be applied on an individual watershed or waterbody basis.

Staff believe that there is good support in the public input to the Review for the priorities of conservation and legal obligations (numbers 1 and 2). However, there is likely to be a strong vocal minority not in favour of native fishing rights.

Although native fishing was not a strong factor in the Review, it is now important to recognize that the Sparrow decision on the native right to fish for food could have a significant impact locally on exiting commercial fishing allocations. Should sufficient need for food exist, native people in a particular area might require the total allocation of fish after conservation.

A Government policy on native rights is under consideration at the Cabinet level. This report and its recommendations are subject to change depending on the content of that policy.

Recommendation 2

It is recommended that native commercial fishing be a subject for negotiations with native communities throughout the Province, and that those negotiations include allocation, levy or royalty and incidental catch issues.

It will be some time before a Provincial Allocation Policy and Process will be approved. In the interim, decisions must continue to be made on commercial fish quotas.

Recommendation 3

It is recommended that local managers be given the direction that above general priorities are interim policy, combined with the existing allocation decisions and directions described in the Part I of the report (p. 8 and following, "Presently Approved Allocations and Directions on Specific Waters).

Local managers should then base allocation decisions on these criteria, Minister's decisions, input from shareholders and an analysis of socio-economic benefits.

(b) Allocation Principles

Before setting out a recommended process for quota-setting decisions, there are a number of principles that should make the process more effective.

Recommendation 4

The following six sets of principles are recommended for policy approval.

i) Roles of the Minister and Managers

Allocation decisions at the lake level are to be decentralized and delegated to the local manager. The manager is to exercise judgement on the basis of Policy, approved District and Lake Fisheries Management Plans, and data on fish stocks. The manager is to advise the Minister in advance of the proposed decision on allocation and any contentious issues. This arrangement provides the opportunity for the Minister to intervene on contentious social issues or Provincial policy matters. Provincially significant user groups will meet with the Minister from time to time to discuss major concerns.

The local manager should focus on the recommended process when implementing quotas to the commercial fishery while giving consideration to global quotas. Also, managers on the Great Lakes must consider international deliberations on allocation which take place through the Great Lakes Fishery Commission.

ii) Public involvement of shareholders

In making allocation decisions, the local managers are to involve representative shareholders. Managers should ensure that all interested parties have an opportunity to express their views. Those parties will often include the commercial industry, anglers, native people, environmentalists, tourist interests and perhaps other levels of government. Decisions on allocation are to stress openness. The public involvement process must also be efficient and decisions made in a timely way.

iii) Willing Cooperative Partnerships

Trust and cooperation are essential for future management of the fisheries. Partnerships need to be developed among shareholders and the Ministry. More specifically, the Ministry on occasion has experienced a lack of cooperation from a few commercial operators to carry out necessary tasks related to fisheries assessment, such as sampling catches and observing fishing practices on vessels. Those unwilling to accommodate these essential management needs may be penalized to the point of refusal to issue them a licence.

iv) Information requirements

MNR, the commercial industry and other user groups should work together in cooperative assessment arrangements, stressing involvement in data collection and interpretation, and working together to gain an understanding of the scientific information needs for assessment projects used to decide sound quota decisions.. Such partnerships will advance user understanding of the assessment process, its cost, and the associated decision-making process in deciding the allowable harvest. Furthermore, involving user groups as partners will improve mutual understanding and trust.

v) Timely Decisions Made on the Best Available Information

MNR will provide the best assessment data with the support resources available. The knowledge base will be improved as a high priority as

resources permit. Portions of the quota-setting process are on tight schedules and should be met.

vi) Appeal Mechanism

The responsibility of the Game and Fish Hearing Board should be expanded to provide a formal appeal process for hearing quota grievances. The Board now advises the Minister on refusal to issue commercial licences, by hearing evidence and making recommendations to the Minister to uphold the refusal or to reinstate the licence. An amendment to the Game and Fish Act would be required for the Board to hear quota grievances and institute a formal appeal procedure. This would be an expansion of the Board's present duties and might lead to many appeals, additional workload and time for Board members and Ministry staff.

An option would be the establishment of local boards on a watershed basis to hear appeals, rather than using the present Provincial Board.

(b) Local Allocation Process for Commercial Fish Quotas

Because this review is focused on the commercial fishery, the recommended process deals with commercial quotas. However, in the process, the local manager, usually the Great Lakes Manager or District Fish and Wildlife Supervisor, looks at broad allocation issues. Managers on the Great Lakes are guided by international considerations discussed in committees of the Great Lakes Fishery Commission.

The inland commercial fisheries, almost entirely confined to Northern Ontario, are not subject to annual changes in quotas nor continuous assessment. Quota decisions are made with full public involvement at times when they are required. For the Great Lakes annual quotas are required.

Recommendation 5

It is recommended that the following process be implemented for 1992 for the Great Lakes fisheries.

1. Commercial Fishing Licences are issued yearly for January 1. Quotas are a condition of licence. Manager is to decide quotas based on the health of fish stocks along with allocations to other users.

2. The Minister is advised in advance of proposed decisions. Contentious issues are to be brought to the Minister's attention. The Minister may wish to intervene.

3. Manager convenes a committee meeting of representative local shareholders (commercial operators, sports fishers, native fishers, environmentalists, for example) and includes professional or technical people as resource persons. Deliberations of the committee are on public record.

4. Manager presents to the committee proposed allocations, including total quotas by species for the commercial fishery for the subsequent period. (Quotas for individual operators are confidential under the Freedom of Information of Act.)

5. Assessment information and advice from the committee are the basis for the quotas.

6. Generally, initial partial quotas are decided before January 1 or the new fishing season, and one or more further meetings with the involved representatives will occur before final full quota decisions are made.

7. An appeals board hears any disputes and makes recommendations to the Minister who makes the final decision.

2. PAYING FOR THE FISH (LEVY OR ROYALTY)

In 1982, a negotiated policy proposal by leaders of the commercial fishing industry and MNR resulted in agreement on a levy (on quota). Later when it came to the development of procedures for revenue collection, the process came to a halt. For that reason and others, neither levies nor royalties (on landings or harvest) were implemented.

At the present time, the industry prefers royalty on landings, and Ministry staff prefer levy on quota.

PROS AND CONS OF OPTIONS:

It appears to Ministry staff that the main issues that really differentiate levy and royalty are:

- cost, bureaucracy and record keeping for the industry and the Ministry ;
- impact on licensee of failing to fish quota, and
- impact on unused or non-harvested quota.

Ministry staff believe there are some apparent issues that are not necessarily relevant to levy and royalty issues:

- Payment in advance is not essential with the levy; either levy or royalty could be paid in instalments.

- There are other possible mechanisms than levy to reduce the amount of unused quota, e.g., % reduction in annual quota allocation in the following year in cases of significant under-harvest of quota.

Some of the main advantages of the two approaches are compared below.

LEVY

- Consistent with the rationale of paying for the privilege of commercial fishing, similar to sport fishing licences and vehicle licences.

- Lower administration costs to the industry and the government: a levy does not introduce major additional effort and cost for compliance, record keeping and monitoring fish prices throughout the year; in contrast to royalty where monitoring might be required on a continuous basis for all licensees.

- Improves business planning; licensee knows beforehand what these costs are. This can improve the ability to pass costs through to customers if desired.

- May help free up quota for redistribution for whatever the priority needs are: e.g., native people; existing licensees trying to become more viable; new entrants who might bring innovation, additional employment and improve the health of the industry.

ROYALTY

- Traditional and well understood method of collecting revenue based on the actual amount taken; consistent with other resource revenue approaches like royalty on fur and stumpage on timber.

- More acceptable to commercial industry because:

    - it costs them somewhat less money, because often quotas are not filled:

- it adds no pressure to reduce their quotas and thus lower the value of their assets; also removes concern that quota given up will never be given back by the Ministry.

The commercial industry claims that levy will "force them" to fish up to their quotas, even in times when poor market conditions make it irrational and when not fishing would benefit conservation. Ministry staff believe this is unlikely. The amount of payment is relatively small compared to the higher cost of continuing to fish. Commercial operators are not likely to spend additional money to take remaining quota if market conditions don't warrant it.

As for the rate of payment, during the Review the industry proposed 1.5 % because it would not create an undue economic stress. The Ministry proposed a 5% rate to reflect more closely the actual costs of managing the commercial fishery, estimated now to be about $5 million.

At this time, the Ministry staff propose a compromise rate of 2.5 % in implementing a levy.

From a revenue point of view, the following examples of payment rates would produce the corresponding revenues, based on quota or landings value of $50 million (not including licence fees):

1.5 %	$750,000.
2.5 %	$1.25 million
5.0 %	$2.5 million

The impact on individual commercial fisheries at the 2.5 % rate, taking different values of catch and including licence fees, is estimated to be as follows:

$100,000. worth of fish - $2500. plus $100. licence fee for a total of $2600.

$40,000. worth of fish - $600. plus $100. - total $700.

$10,000. worth of fish - $250. plus $100. - total $350.

Operators will probably pass these costs through to the customer. Giving some lead time before implementation would assist the industry in dealing with processors and markets.

Present revenues from commercial licence fees are approximately $75,000.; revenues from sport fishing licence fees (resident and non-resident) are approximately $25 million.

In the economic climate of early 1991, some hardship might occur for some licensees at a rate of 5 %. If the economy has recovered by 1992 or 1993, however, when levy or royalty could be imposed, the industry might be able to accommodate the rate. As noted above, it would be expected that the amount would be passed on to customers. Generally, there has been a strong and growing market for fish in the 1980s.

At this time, staff believe that a compromise, 2.5% levy rate should be implemented in 1992, or 1993, if economic conditions warrant and depending on the time to develop the necessary procedures.

Ideally, the Game and Fish Act needs to be changed to improve the rules for enforcement. In the proposed amendments to the Act, both levy and royalty are provided for, plus penalties for non-payment. If the amendments are not forthcoming, levy might be implemented by establishing a variable portion as part of the annual licence fee.

Many participants in the Review wanted to see any revenues put back into the fisheries management program. However, it also can be argued that given a revenue level of $75,000. from licence fees and management costs of about $5 million, that the "money is already in the program". Putting the money back into the program also would be contrary, or an exception, to the policy of consolidated revenue. Present economic conditions and the government deficit also raise questions about budget priorities.

Recommendation 6

It is recommended that

- the Province collect levies from the commercial fishery beginning in 1992;
- the amount be 2.5 % of the value of the quota in 1992, 1993, 1994 and 1995;
- the amounts for the years following 1995 be established in 1993;
- no differential in the percentage be applied on the basis of species caught, location of the commercial fishing activity, or gear-type;
- amounts be payable semi-annually, at the beginning and middle of the calendar year, based on the quota assigned and the average landed price of each species for the previous year;
- quotas for the next fishing year be denied unless levy payments are up-to-date;
- levy apply to all catches taken under the authority of a commercial fishing licence, except in those areas of Northern Ontario, and for those species, where transportation support is paid under the Freight Equalization Assistance Program (FEAP);
- no deductions to levy be allowed for licence fees nor membership dues for commercial fishing associations.

3. INCIDENTAL CATCH DEFINED

Incidental catch often has a different meaning to public groups and MNR staff. To understand the nature of this issue, it helps to define it. The federal Fisheries Act defines incidental catch under the term "lawful excuse". Section 2 of the Act states that "lawful excuse" means the unintentional or incidental catching of any fish that may not be kept when legally fishing for other fish.

The Ministry distinguishes among several categories of incidental catch. In the first situation, the user may not legally possess the fish at all. In the commercial fishery, there are some species for which no quota is allowed, i.e., no-harvest species. A common problem situation is the taking of a species by the commercial fishery, which species is allocated exclusively to the sport fishery, e.g., rainbow and brown trout, smallmouth and largemouth bass, muskellunge, and chinook and coho salmon.

The second situation involves species for which the commercial fishery has quotas, i.e., quota species. When the licensee exceeds the quota allocated, the excess fish constitute incidental catch. This occurs when commercial operators are targeting, or attempting to take, species for which they do have quota and take another species for which they have exceeded their quota. An example might be a whitefish fishery, with a large quota for whitefish, going over its quota for lake trout, for which the commercial operators have a relatively small quota.

Incidental catch is a fact of life and occurs in all fisheries, be they commercial, recreational or even scientific, e.g., the Ministry's assessment and research activities. This reality is acknowledged in the Fisheries Act, as noted above, where there is provided a lawful excuse for incidental catch.

Another basic point is that in contentious or conflict situations with respect to incidental catch, one can distinguish between conservation and social issues.

Incidental catch of endangered fish stocks and even overfishing on normally abundant fish stocks are conservation issues.

Social issues include situations where the anglers and the commercial fishers are in conflict about which group should get what share, if any, of the harvest. For example, walleye are often shared, while chinook salmon are allocated to the sport fishery and are a no-harvest species for the commercial fishery.

A second social issue is concern about wasting fish that are fit for food. Significant reduction of this waste would require bringing to shore species allocated to anglers.

MNR staff see gill nets as a symbolic issue. The strong opinions against gill nets by anglers, and for gill nets by the commercial fishery, tend to be couched in all or nothing terminology. For example, "the commercial fishery" claims they can't survive without them, and "the anglers" are willing to have the commercial gillnet fishery disappear if there is any incidental catch. Ministry staff see the issue as one that

embodies ecological, social and technical aspects and believe there are many options that could be chosen to manage incidental catch.

The subject of gill nets introduces a fundamental question. Are the fish alive or dead when the gear is lifted? The gear in question need not be a gill net. The gear could be commercial impounding gear, hooks on the end of an angler's line or any other fishing gear, given that all fisheries produce incidental catch. If the fish are alive and are released, many of them will likely survive. If incidentally caught fish are alive, the law requires live release.

If the incidentally caught fish are dead, the two basic options are to return them to the water, or bring them to shore and donate, destroy or dispose of the fish as directed by the Ministry. Returning dead fish to the water in many cases has been supported by the commercial and sport fishery and the Ministry. The rationale is that the dead fish are eaten by scavengers or decompose, and become recycled as part of the nutrient or food supply of the aquatic ecosystem.

If commercial fishers cannot bring fish ashore, this acts as a disincentive to take them in the first place. Commercial operators would thus be careful about what gear they fish at particular locations and avoid incidental catch which costs them, both in effort and money. In addition, this approach makes Ministry enforcement much more efficient and effective, e.g., less checking and clearer case for charges if any fish are landed. The Ministry cites examples of excessive incidental catches, lengthy legal wrangles and chronic conflict in some areas when there have been attempts to have the incidental catch brought in and sold (quota species) or donated to charity (no-harvest species).

Ministry managers generally don't have the complete picture of the magnitude of incidental catches and in particular how many fish are returned to the water, dead and alive. The incidental catch that is brought to shore is recorded by the commercial operator. Part of the information issue relates to conflict of interest in which the industry finds itself. For the operator to report the information honestly, depending on the species and circumstances, might lead to Ministry restrictions or conflict with anglers. It is also more work. Up to now the Ministry has lived with this situation.

To alleviate the situation, the managers would need tools or tactics. Also required are additional support funds and staff to collect, analyze, and report on the incidental catch problem.

If additional support were not possible, an option would be to maintain the current practices which have been worked out with each group of fisheries.

A final perspective on this issue is "the amount of incidental catch that is unacceptable". We do not have the information to answer what is "unacceptable incidental harvest". The shareholders and managers need to be challenged to pursue this question and provide answers. In some European waters, an acceptable incidental harvest is 6%, in contrast to the east coast of Canada where 10 to 15% is

acceptable. The Ministry has avoided defining incidental catch standards in percentages. Many commercial operators can do a lot better than standards such as the above; as well, creating such standards leads to targeting for that much incidental catch.

(a) Management of Incidental Commercial Catch

One conclusion of this Review is that it is desirable and possible to reduce incidental catch. It is not possible, however, to eliminate incidental catch and have a viable commercial fishery. Ministry policy needs to emphasize management to prevent incidental catch and to increase the release of live fish caught incidentally. As well, the incidental catch handling system could be improved to make better use of the dead fish which could be brought to shore.

The best focus for management of incidental catch is at the lake level. The need at the Provincial level is for strong legislation and policy, including Ministerial support.

There are two major options here, as Ministry staff see it. One is to improve the system as present support resources permit, i.e., maintain the status quo in which an largely unknown quantity of fish is returned to the water dead. The second option is to move the yardsticks significantly towards the twin goals of less incidental catch in the first place and making good use of dead incidentally caught fish in the second place, particularly as human food. Such a move will prove contentious, at least at first, because it will challenge the status quo of the major players, especially the commercial fishery and the anglers along with segments of the "outdoors" media. For the effort to succeed will require increased information, cooperation, compliance, and a number of other changes as are outlined below.

Additional support resources are essential to provide the necessary capability option two. Without them, option one is strongly recommended.

(b) Tactics - Incentives and Disincentives

To resolve the incidental catch problem will require adoption of the principle of willing cooperative partners. A form of partnership exists now between the commercial fishery and the Ministry on behalf of the public. There are number of benefits and incentives for the commercial fishery under the present arrangement. The existing commercial fishery has been allocated a significant portion of a public resource that is limited and valuable. By policy, the number of commercial licences is limited. Quotas and licences have been recognized as assets owned by the licensee. The existing industry is given the first opportunity to purchase quotas or fisheries that are put up for sale.

Recommendation 7

To improve management of incidental catch, it is recommended that local managers be authorized to employ additional, tactical incentives to strengthen partnership and cooperation.

Management of incidental catch implies that some incidental catch is acceptable, and that having prevented it or kept it to a low level, the remainder will not be wasted, particularly if it can be used to feed people.

There are nine sets of tactics recommended for approval. They are outlined below, beginning with five incentives and followed by four disincentives.

i) Self-policing

Some leaders and groups within the commercial industry have demonstrated a commendable ability to share and take over responsibilities that were formerly carried out by the Ministry. The largest, concentrated example of this is in western Lake Erie where a system of port observers and daily fishing reports ("lock-box" for returns) is largely managed directly by the industry to the satisfaction of the Ministry. The leadership of the Ontario Fish Producers' Association presently is encouraging more local associations to adopt such a self-management or self-policing approach. Ministry managers have attempted to implement similar arrangements elsewhere but there have been insufficient support resources, logistical difficulties, e.g., some large and remote areas, and resistance from the industry. The Ministry and the industry should recommit themselves to establishing these arrangements at least on the Great Lakes. The managers and industry leaders should be challenged to set a target for completion of implementation of self-policing.

ii) Gear development and modification

There may be a case for fewer gill nets and more impounding gear, or use of new technology such as electrofishing, in the commercial fishery. Because of a lack of data, it is mainly as a matter of principle that it is recommended that support and resources be provided for gear development. Incidental catch may be reduced by gear changes. Research and science transfer are needed to answer questions of the feasibility and cost of new gear for the industry as well as actual effectiveness in preventing undesirable mortality.

Until recently the Department of Fisheries and Oceans and the Ministry provided help with gear research, demonstration projects and training through a Fisheries Industrial Development (FID) program. Because of constraints and changing priorities, this program has been dormant for several years. Given the public level of concern, it is recommended that support resources be re-established, with the help of the federal government.

Support resources need to be provided at the level of the local manager so that gear development or demonstrations can be a real possibility in the partnership with the local industry.

iii) Market development

Some wasted harvest, which may or may not be incidental catch or an ecological issues, occurs when large quantities of some quota species are harvested. Examples might be small chub in Lake Huron or white perch in Lake Erie.

Some fish species are not acceptable in the marketplace because of name association, taste or aesthetics. Many studies have been conducted on the Great Lakes species to determine the market resistance to these fish. It appears that the consumer must be convinced that the fish is wholesome nutrition and worth the cost. The industry with some government assistance should be challenged to try and develop new markets and products for underutilized fish.

iv) Quotas as incentives

When fish stocks are rehabilitated, or if they become generally more abundant for several years as occurs naturally, Ministry managers should be authorized some flexibility in deciding quota allocations. Specifically, where improvements in management of the local fishery are possible, including improved cooperation, e.g., in managing incidental catch, managers should be authorized to negotiate with the industry using quotas as one tactic at their disposal. Using quotas as incentives to individual operators would cause serious discord among many other fishers and the Ministry.

v) Credit against levy or royalty

The Ministry has entered into contracts with commercial operators to conduct assessment work because of the industry's capability, gear, and manpower to carry out such activity. The potential exists to extend the partnerships on data collection. It is recommended that a mechanism be explored to allow a credit against levy or royalty for such cooperation and that a proposal be prepared for Management Board consideration. A credit system operated at the local level could represent a real saving in MNR time, effort paperwork and improve data quality.

An option to this tactic would be no credit, with all payment going to the consolidated revenue fund, combined with increased budgets to pay for contract work.

vi) Refusal to issue a licence

In the 1982 document, Modernization of Ontario's Commercial Fishery, recommendations were developed to weed out members of the industry who were not honest and did not observe the "rules of the game". All the criteria for a decision to refuse issuance cannot be decided immediately and the matter deserves further discussion with shareholders.

However, for any incidental catch handling system to be credible, Ministry staff, or an agency under contract, must have access to commercial vessels during fishing operations. The failure to allow this will produce mistrust by the other user groups. The Federal Government recently has amended the Fisheries Act to provide for observers on board vessels and the associated regulations.

vii) Reclaiming quota

Managers will continue to need authority to reduce quotas on the basis of assessment data in circumstances of significant fish stock decline.

At times, a combination of other restrictions and/or competition with other users may result in conditions where some existing operations are no longer economically viable. In the past, large incidental catches contributed to these serious problems. In these situations the buy-out of fisheries and/or taking back associated licenses and quotas may continue to be warranted as the most practical solution. Buy-outs provide a "safety net" for the former commercial operator and also can result in removing unneeded or undesirable gear from specific areas. A negotiated, "willing seller" approach has been an efficient and well-accepted practice and should be continued.

viii) Restrictions by area or time

Where incidental catch is a significant problem, area or time closures may be instituted by the manager, as has been the long-standing practice.

ix) Enforcement and fines

Enforcement with its associated cost, effort and conflict should be the last resort. It is anticipated that the revised policy framework, allocation process and tactics will produce willing cooperative partnerships. If a few infractions continue, compliance monitoring and occasional charges should suffice to control the overall situation. Repeat infractions and convictions should result in non-issuance of the licence.

In the above, we have tried to help provide a better understanding of incidental catch. As well, nine tactics have been provided to reduce incidental catch. We believe that implementation of these tactics should result in a low, acceptable incidental catch. The topic is controversial, however, and it remains to be seen if commercial and sports interests, as well as others, would accept the proposed set of tools.

Recommendation 8

It is recommended that the acceptability of incidental catch under the new "rules" be the subject of consultation with the shareholders across the Province.

(c) Generic Incidental Catch Handling System

If the actual incidental catch which occurs under the new rules is low and acceptable, what should happen to the incidental catch that remains? The main options are to continue the tradition of returning the dead fish to the water or having them brought to shore to be processed for food or other good use.

Recommendation 9

It is recommended that all incidentally caught fish that cannot be released alive be landed and put to the best possible use.

There are three, general explicit exceptions, which are deemed impractical to deal with at this time.

(1) fish which are contaminated and unfit for consumption;
(2) quota species for which there is no market or other practical use, and
(3) incidental catch in Northern Inland areas where it is impractical to bring in and distribute these fish from so many remote areas.

These general exceptions are to be made specific at the lake level by licence condition as to species, size or other designation to ensure that such exceptions are explicit and kept to a minimum.

Returning to the matter of acceptability, it is expected that some shareholders will not only want a critical examination of the new "rules" previously described. They will also want an explanation of how the fish will be handled when brought ashore.
What follows is a proposed handling system which is to be explicit for all species of concern.

This process refers to incidentally caught fish unless otherwise noted.

1. Return all fish which are alive to the water.

2. Return to the water specified, contaminated or unmarketable fish even if dead. Commercial operators may land these fish if it is impractical to return them to the water, and the fish may be put to useful purpose, e.g., fertilizer, or disposed of as waste in the manner approved for the processing facility.

3. All no-harvest species shall be landed and delivered (1) to another party, a processor or retailer designated by the local manager, or (2) to Ministry staff for assessment or research purposes. The designated processor or retailer may not be the commercial operator who caught and landed the fish. The commercial operator shall provide the fish without cost or fee. The processor or retailer will receive only costs of processing and handling at a fee authorized by the local manager. The fish may only be provided to charitable or humanitarian organizations designated by the local manager. The local manager, with advice from all concerned local shareholders, may negotiate with the commercial fishery for it to manage this process.

   Provincially, no-harvest species consist of the following:

   > Atlantic salmon, brown trout, chinook salmon, coho salmon, largemouth bass, muskellunge, rainbow trout, smallmouth bass

   Locally there may be additional no-harvest species which shall be designated explicitly by the manager and which will be handled in the same way as the provincial list.

4. When quotas are exceeded for quota species, all the fish shall be landed and delivered to another designated party as for no-harvest species. (Note: the situation described here is only incidental catch of a particular species taken while fishing for other species, and the particular species may not be targeted after quotas are reached.) The commercial operator who caught and landed the fish shall receive no fee for his efforts. The landed value of the fish shall be paid by the processor or retailer to the Ministry by cheque payable to the Treasurer of Ontario. The processor or retailer may market and sell the fish as usual.

   Over-quota incidental catches must be monitored closely by the Ministry. If the incidental catch risks conservation of the fish being taken then the manager will restrict or close the target fishery as appropriate.
   Provincially, quota species include:

   > carp, catfish, chub, eels, herring, sunfish, walleye, whitefish, white perch, yellow perch

Locally there may be additional quota species designated by the manager for which incidental catch will be handled as for the provincial list.

(NOTE: Because of differences in abundance, user demand or contaminants, a particular species may have different designations, no-harvest or quota, in different areas of the Province, for example, lake trout, northern pike, smelt and sturgeon to name some prominent examples.)

4. CHARTER BOATS

Ministry staff support the proposition that charter boating is a growing and increasingly significant factor in fisheries management. Subject to other priorities, a detailed study and recommendations should be pursued.

Recommendation 10

It is recommended that

- the Ministry of Natural Resources establish a review team from MNR and from the angling, commercial fishing and charter-boating segments of the public to consider charter boating as it might impact on a fishery, or add to the total catch. Also whether or not it should be licensed and pay levy, and how MNR and charter boaters could develop a harvest reporting system.

5. LAKE NIPIGON

Ministry staff concur that Lake Nipigon supports a fishery of significant provincial concern and that a management plan is required as a high priority.

Recommendation 11

It is recommended that

- a fisheries management plan be written for Lake Nipigon, combining the steps presently being used for each of the Great Lakes, and considering methods for public participation and review, and the designation of fish community goals and objectives.

Public involvement should include at a minimum, local recreational and commercial users, and native people.

Fact Sheet Actualités

March 1990

COMMERCIAL FISHING IN ONTARIO: REVIEWING THE ISSUES

The Ministry of Natural Resources is conducting a policy review to determine how Ontario's commercial fisheries should be managed in the future. Jack Riddell, Parliamentary Assistant to Natural Resources Minister Lyn McLeod, is seeking opinions and comments on commercial fisheries management from a wide range of interest groups.

"Commercial fishing is an important part of Ontario's economy and heritage," Mr. Riddell said. "I'm confident that, through this review, we can develop policies that will ensure both the health of the fisheries and the many benefits they provide."

Ontario has the largest freshwater fishery in North America. There are approximately 800 commercial food fishing licences authorizing the commercial harvest of fish from the Great Lakes and from a number of small lakes in northern Ontario.

In 1988, 28 million kilograms of fish (mainly smelt, walleye, yellow perch and white fish) were commercially harvested with an approximate value of $55-million before processing. More than 90 per cent of the commercial harvest comes from the Great Lakes, and most is exported to the United States and Japan. Ontario's commercial fishing industry employs 2,500 people on the water and an additional 2,000 people in fish processing.

Some communities on the shores of the Great Lakes rely heavily on commercial fishing for employment. Jobs are also created in trucking, paper products, boat building and other products and services needed by the industry.

Fisheries in Canada are governed by the federal Fisheries Act. In Ontario, the administration of fisheries has been delegated to the provincial government, although the federal government retains the responsibility to enact legislation.

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From 1867 to the early 1980s, the amount of fish taken was limited only by regulations restricting the type of gear used, the size of fish taken, fishing locations and fishing seasons. But by 1980, these regulations had become outdated and difficult to enforce.

In 1980, MNR and representatives of the commercial fishing industry formed a committee to recommend different management approaches to commercial fishing. The result, the 1982 Report on Modernizing Ontario's Fisheries, has been the blueprint for commercial fishing management in Ontario until now.

One of the most successful changes adopted from the report is the quota system, which limits the total weight of each species harvested by each fishing operator. Since 1984, controlling the harvest in this way has reduced excessive fishing, created more stable market conditions, and enabled operators to better plan their economic future.

The current commercial fisheries management policy review will update and clarify other suggestions from the 1982 report as well as deal with new issues that have emerged since the report was released.

"Much has changed since 1982 -- people are more concerned about the environment, a number of exotic species have invaded our aquatic ecosystems, and perhaps most importantly, there are more users putting more pressure on fish stocks every day," said Mr. Riddell. "That's why we need this review -- to look at what we're doing now and work on ways to improve it."

Commercial fishing is a part of the over-all picture -- the updated Strategic Plan for Ontario Fisheries or SPOF II -- but it also has its own special needs that must be addressed separately at this time. The outcome of the commercial fishing review will be consistent with the principles incorporated into the final SPOF II document.

While the review will remain open to all concerns, it will focus on three major issues: allocations, royalties and incidental catch.

ALLOCATIONS

- The ministry's first priority in allocation decisions is to protect enough fish stocks to ensure self-sustaining, healthy populations.

- The amount of fish that should be protected and the amount available for potential harvest are identified by individual MNR lake managers using ministry assessment data of fish stocks and information from commercial and sports fishermen. The harvestable amount is then divided among various users.

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- The second allocation goes to people with an established legal right to fish -- for example, treaty Indians who fish within their treaty area for food.

- Next, allocations are considered for other uses -- commercial fishing, sport fishing, tourist operators and charter boat operators.

- The commercial fishery allocation is then divided into quotas for individual fishermen, based on the percentage of the harvest each fishing operator has taken in past years.

- These quotas represent the maximum weight of each species that can be harvested to allow for the perpetuation of the resource. Commercial quotas are reviewed annually by ministry lake managers and adjusted as needed.

- While there is general agreement that more users should participate in the allocation process, several questions remain, including: How should the process be conducted? What kind of criteria should be used in setting harvest levels? Should there be an appeal mechanism in case of disputes on allocation levels?

ROYALTIES

- During discussions leading up to the 1982 report, MNR and the industry agreed on the need to establish a royalty fee system for the commercial fishing industry. The fee would reflect the value of the fisheries and the cost of managing them.

- Several options for a method of collection and an appropriate rate for the royalty were discussed in the report. Changing economic conditions now dictate a review of these options.

- One collection proposal would have operators paying a royalty at the end of each season for each species harvested, depending on its market value.

- Another proposal would have the operators paying a percentage of the value of their quota at the beginning of each season, based on the previous year's prices.

- These and other fee proposals will be considered during the review.

- A royalty rate of 1.5 per cent of the landed value of the fish was proposed in pre-1984 discussions. At the time, the commercial fishing industry was uncertain about the financial impact of individual quotas.

- The industry's ability to pay has improved since 1984, so the proposed rate needs to be reviewed.

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INCIDENTAL CATCH

- An incidental catch, or by-catch, is any fish caught that is not intended to be caught by the person fishing. Commercial operators sometimes unintentionally catch fish species for which they have no quota.

- Since commercial operators may not sell incidental catches, they have a strong incentive to avoid harvesting non-targeted species – by modifying their gear, changing fishing locations or fishing at different times of the year.

- Gill nets are the most widely used commercial fishing gear in Ontario. Some people perceive the use of gill nets as an indiscriminate method of fishing because they feel the mortality of incidental catch is high.

- Gill nets may be used selectively through choice of fishing location, time of year and size of mesh in the nets to keep incidental catch to a reasonable level.

- In the past where incidental catch levels have become unacceptable, MNR has restricted gill net fishing.

- Changing from gill nets to impoundment nets, from which non-targeted fish can be released alive, has been suggested as a means of reducing the incidental catch. However, impounding gear has limited effectiveness in most parts of the Great Lakes.

- Another proposed solution is to license the commercial operators to sell their incidental catch.

- Some progress has been made on this issue. In some instances, to avoid conflict, commercial operators have agreed to set their nets farther away from areas frequented by anglers.

APPENDIX II

SUMMARY OF PARTICIPATION IN COMMERCIAL FISHERIES POLICY REVIEW 1989-1990

MNR Support Team Area	# Groups invited to meet	# Groups that met	# Groups invited to submit a brief	# Groups that submitted a brief only
Erie	19	20	113	74
Ontario	46	12	44	14
Huron	32	31	131	85
Superior	30	16	89	17
North-western Ontario	11	6	10	4
Sub-total Field	138	85	387	194
Fisheries Branch	18	4	14	16
Grand Total	156	89	401	210

Summary:

- 557 groups were invited to participate in the review.
- 156 groups were invited to meet and submit a brief; 89 groups did (57% response).
- 401 groups were invited to submit a brief only: 210 groups did (52% response).